HYDRAULIC PRESSURE IN WALL STREET.

THE popular superstition concerning Wall street is that the great stock speculators control speculation. They are supposed to make and unmake prices at their pleasure. When they determine the market shall rise, it rises. When they determine it shall go down, it goes down; and in the hands of these financial giants the outside public is helpless. Possibly ninety-nine men out of a hundred who think of the matter at all cherish this theory of the movements of speculation. To be true, it would require that the half-dozen men recognized as great operators should hold in their hands all the elements that go to make up speculation. They should be able to give or withhold from us bountiful harvests; to blast the grain-fields of Europe when we have a large surplus to sell; to give us mild or severe winters, floods or drought; to call up the devouring swarms of grasshoppers in the West, as Moses called the plague of locusts upon Egypt; to increase or diminish the stream of immigration pouring into the country; to make commerce and manufacture flourish or wither as they may will it. These are the elements that enter into speculation. It is these which make and unmake prices. None know this better than the great operators. They know how narrow are the limits of their power over the great movements of the speculative tides recorded in the figures on the stock tape; and the millions they have rolled up have been acquired by the success with which they have timed their schemes to their ebb and flow.

It is an axiom of speculation that you cannot bull stocks and corn at the same time. What enhances the price of corn diminishes the value of stocks. Good crops make high prices; poor crops make low ones. While wheat and corn are rising in price, the prices of stocks tend downward. In the grasshopper years, when wheat was two dollars per bushel, stocks of cer-

tain railroads, now quoted at one hundred and twelve and one hundred and thirty dollars, were selling at twelve and forty-five dollars. From this cause it comes that "the crop question" is of such transcendent importance in Wall street. It begins to be discussed with the plowing of the ground. The information then sought is the acreage returns, and how they compare with those of the year before. Large immigration last year means an increase in the acreage this year by the occupancy of previously waste ground. The weather report is anxiously scanned as the plant grows. A special weather report from the Signal Office is daily distributed in Wall street. First comes the great crop of winter wheat, harvested from the middle of June into the first part of July; then the spring-sown wheat, coming in August and September, and yet later, the harvesting of the corn crop; while, in the South-west, the cotton crop is picked from summer till fall, the picking moving northward with the season. The progress of the crops in Europe has been meantime watched with scarcely less interest, for there we must market our surplus. Short crops abroad and bountiful ones at home give the farmers a ready market for their products, the railroads full employment in carrying them, the stockholders fat dividends; and fat dividends make high prices in the Stock Exchange.

"It is no time to buy stocks when iron is falling," is the saying of one of the greatest stock operators this country ever saw; and there is another one to the same effect: "You may safely buy stocks when the price of iron is rising." The iron market is the sure barometer of the industrial situation. It embraces the whole field of industry in this age. The degree of activity in real estate and the building trade may be approximated by the fluctuations in the price of nails. While the basis of our wealth is what grows out of the ground, the present state of trade is indicated by the demand for iron. If it be falling off, adverse causes are at work which will surely make themselves felt on the stock market. If the demand be growing, industry is receiving a new impetus, enterprise is awake, new railroads are planning, old ones are extending, commerce is enlarging, the people are making money, and stocks will rise with the widened demand for investment securities. To keep thoroughly informed of the agricultural and industrial condition of the country, the few great operators who do most to give direction to the currents of speculation maintain an army of correspondents. They are

keen and close students always. Nowhere is timely information of more value than in Wall street. Nowhere else may so high a price be obtained for it. Time is an all-important element in scientific stock speculation; therefore the great operator has to be always on the watch. He may see clearly that in, say, three or four months there will be a turn in the tide then flowing; but, in the meantime, the adverse current may carry his schemes to wreck. Time is everything; for there is no knowing what the day may bring forth. The operator who is working the market to sell stocks, which requires a rising one for success, has to remember that the chapter of accidents is in favor of his opponents—the bears.

As the tides of speculation ebb and flow according to the industrial conditions of the country, great schemes of stock speculation are always adjusted to them as nearly as the operator who is carrying them through can do it. This applies equally to the man who is a stock operator pure and simple, and to the other who is not only a stock operator but a creator of stocks also—a security manufacturer, as he might be called. He is not different from the merchant or manufacturer, who gets goods at the lowest price possible and sells them at the best he can obtain. Both the stock operator and the merchant may miscalculate the public demand or the public liking, or they may get belated, and find that they have laid up a stock of goods which cannot be sold profitably. As the stock operator sells for a fall as well as buys for a rise, he is exposed to error there. Looking over the general situation, he may judge that the market must decline. He goes heavily "short" of it, and discovers that he has miscalculated the strength of the forces at work upon it, and prices rise in spite of his most strenuous efforts to depress them. He must then reconsider the situation, and determine what he shall do in view of his own resources and the strength of the forces against him. Great operators vividly realize the unpleasantness of being either "long" or "short" of the market when the public temper is against them. None ever gets where he has to struggle against the current unless by accident or miscalculation. With vast and comprehensive schemes to carry through, extending over long periods in their operation, and involving millions of money, there is nothing to do but to struggle against the adverse tide as best he may. Whatever his schemes may be, he knows that the

most he can do is but to retard or accelerate the general movement. To the constant efforts of operators to do this, as their various interests dictate, is mainly due those minor fluctuations of prices in the Stock Exchange which are like the waves on the surface of the ocean currents, and make or mar the fortunes of the swarms of small-fry speculators.

Of the mass of persons—not professionals—who speculate in Wall street, about ninety per cent. buy stocks for a rise, and only the other ten per cent. both buy and sell—in technical language, go long and short. The public at large knows nothing of selling for a fall. It is, therefore, always on the bull side of the market when in the market at all; and, as a consequence, this is the popular side. The prophet who proclaims his belief that prices are too high and must fall finds he is prophesying unwelcome things. When prices are falling, the public begins to desert Wall street, which has no more interest for people who only speculate the other way. They buy when prices are rising, and buy most freely at the top—when the great operators, who have bought their stocks months before at low prices, sell out. By accumulating large lines of stock, and by their brokers using the arts of the auction-room in making quotations, prices are carried up; but if the public refuse to come in and assist by their purchases the movement is a failure, which means more or less heavy losses to the men engaged in it. They discover that they have been lifting prices by buying stocks which no one will take off their hands. Wall street was lately treated to a most conspicuous example of this. The greatest wealth and most acute talent of the country were enlisted in an effort to raise prices. They were raised by sheer force of money, the brokers of the chief operators offering to buy and buying all that was offered of certain leading stocks, each day at a higher price than on the day preceding. But it was a frightfully costly experiment to the men who did it. They had miscalculated the temper of the public. People would not buy, however much prices were advanced. The load became too heavy for the shoulders even of the financial giants. They suddenly stopped buying, and the whole artificial structure of prices which had been raised on their purchases fell with a ruinous crash. The temper of the public had been growing colder and more distrustful since July, and that now famous "pegging" movement was ineffectual to change it. This was a case where some of the greatest stock

operators of the age were completely mistaken in their reading of the speculative situation and the state of the public mind.

The course of prices on the Stock Exchange was downward from the fall of 1873 to 1877, owing to the great panic and a succession of poor crops. From 1878 to July of last year they moved upward, under the influence of three years of bountiful harvests here and poor ones abroad, each crop being larger than the preceding one and giving a correspondingly increasing force to the influences making for speculation. In the end came a wild inflation of prices. Good securities were carried up to figures far above their real value; worthless stocks found buyers by the score; floods of new securities came upon the market and were eagerly snapped up; everybody had money to buy; seats in the Stock Exchange rose to thirty-two thousand dollars bid; and Wall street seemed intoxicated with prosperity. Nothing was listened to but the phenomenal growth of the country. To assert that prices were extravagantly high was stigmatized as want of patriotism. "Have you no confidence in your country?" was the customary reply. "The people are mad!" exclaimed one great operator, amazed at the extravagant prices at which buyers were eagerly contesting with each other for stocks. In the midst of this wild rage for sudden wealth, the nation was shocked to its center by the assassination of the President. Sad as was the event, it injured no material interest of the country; but it effected a complete change in the temper of the people. A vague feeling of distrust and insecurity began to spread. Wall street, as usual, was the first to feel the change. Whether it be from confidence to distrust, or from depression to hope, a change in the public temper is felt earliest there, for into speculation there enters a large element distinctly sentimental.

Facts which no one would believe or listen to before were now heard in silent acquiescence. People saw, as if it were a revelation, that the length and severity of the previous winter had inflicted enormous damage on the railroads; that the spring floods which accompanied the melting of the vast areas of snow had been even more destructive; that a drought was then scorching up great sections of country which had previously escaped damage. In addition, the great trunk lines of railroad were engaged in a ruinous war of freight rates. Speculation began to lose strength. The first blow fell upon the bond market. While stocks still continued active, new issues of bonds could find no

purchasers. The crop of new railroad schemes growing up like mushrooms had a sudden check, for no one would subscribe for the bonds to build them. Railroad companies which were doing a thriving business on extensions discovered that the bonds to pay for them remained unsold in the hands of their bankers; and the managers of some new enterprises, who were not ready then to put their bonds on the market, have not dared to put them there yet. The bond market, in fact, completely "played out," which brought in its train the downfall of numerous flourishing railroad concerns, which had been paying dividends and making a fictitious show of prosperity on the sales of continuous issues of these securities.

From that time to this prices of stocks have been on the downward course, and the speculative and investing public have so completely withdrawn from the market that, for months past, the large commission houses, which depend upon this class of custom, have scarcely paid running expenses. Nevertheless, the decline has been stubbornly resisted, and because of this resistance, and the many efforts made to arrest it, the shrinkage of prices has been spread over a much longer time than would otherwise have been the case. The assassination of President Garfield came at a time when the greatest stock operator of this or, perhaps, any other day, was loaded up with an enormous line of certain stocks. Three or four months more of such a market as Guiteau's bullet shattered would have enabled him to sell out his holdings. The street and the public would have had every share he chose to sell. From various causes he had been unable to market his holdings at the time he had calculated upon doing so, and the assassination changed the whole complexion of things. He was left to struggle with the adverse currents of a falling market, and the history of Wall-street speculation since that event has been, speaking broadly, the history of the efforts of a great operator of vast means, indefatigable energy, infinite resource, and unequaled talent in his line to profitably market a great load of stock, which the public has shown increasing disinclination to take off his hands. Twice in this period he has been driven close to the wall. On one occasion he was saved only because the men who were pressing him became frightened at the near prospect of his downfall, which they saw must precipitate a panic in which all would suffer. They drew back, and the respite was sufficient for a man of his genius to extricate

himself. For a time he seemed to have turned the tables on his opponents, and some of them he did punish badly; but it was hopeless. Neither immense wealth nor the highest talent could create a bull market when the public, demoralized and disheartened by losses, refused to support it; and another and worse tumble of prices followed the well-known "pegging" campaign.

If a rational consideration of the tides of speculation shows how much they are due to the public at large, and how much less to the efforts of the half-dozen men recognized as the great operators, the assertion will scarcely be challenged that the indiscriminate denunciation of the ups and downs of prices as being the effect of "Wall-street tricks" is both unreasonable and untrue. When times are prosperous people flock to the stock market, bent on buying everything offered; they do buy; they buy with their eyes persistently shut to every evidence of the badness of the bargain they are making; and this goes on until something comes which compels them to see what they had refused to see before. Then begins the general selling under which the market steadily declines; and when the fall has been long and severe, which it is sure to be if the previous inflation of prices has been correspondingly excessive, then comes the moralizing and preaching about "Wall-street tricks" and the wicked ways of the speculators.

This being said, it remains to point out certain trickery practice in the buying and selling of securities of which the public has a just right to complain. Its correct title is corporate fraud. Beside this, the little tricks peculiar to the Stock Exchange, which generally take the form of catching those who have "sold short," are not worth serious consideration, for they affect only a limited number, and mainly the regular professionals. But the frauds of directors of corporations are aimed at the investing public, and bring heavy loss and injury to hundreds and thousands. Their effects are most manifest on the Stock Exchange simply because that is the common market for securities, and hence these scandalous deceptions and flagrant breaches of trust are indiscriminately denounced as "Wall-street tricks." They are frauds planned and executed in the companies' offices, and would be done if Wall street did not exist and securities were marketed the same as potatoes. These frauds are simply the giving of fictitious values to securities by misrepresentation of facts and suppression of truth, and the destruction of good

properties for the profit of those who have obtained control of them.

Stock-watering has an evil sound in the public ear, and justly so by reason of its associations. But stock-watering *per se* is not a fraud. It is nothing more, when legitimately done, than realizing the enhanced value of a property. It is just as proper a proceeding as that of a merchant who marks up the price of the stock of goods he has on hand. Nevertheless, it has an evil odor clinging to it, for the operation presents such temptations to fraud on the part of those in control of the property, that it is rare for the thing to be done without fraud at some stage. Sometimes it is a series of frauds from first to last, enriching the few men who planned and executed it, inflicting severe losses on hundreds of innocent investors, while the property itself is irretrievably injured. All this will be called a Wall-street trick, or stock-jobbery; but in fact it is simply corporate dishonesty.

Let us take one glaring example. Suppose that there exists a large corporation, having a heavy capital, and performing highly important functions in relation to the public. Its board of directors is composed of the leading men of the financial world, and a large proportion of the stock of the corporation is held as a permanent investment. Another company is started as a rival to the former. It can pay no dividends, and is not likely to, for its promoters repaid themselves double their original outlay through the medium of a construction company, and they propose to make more by selling out. But this concern can and does injure the dividend-paying company, though not much. In course of time the leading spirits in each corporation come together secretly, and arrange what, in a term borrowed from the gambling-table, is called a "deal." The dividend-paying company is to absorb the other, and to double its own stock. An elaborate programme is laid out, extending over many months. As the first step in it, holders of the dividend-paying stock must be induced to sell out—"shaken out" the street calls it. The corporate dishonesty begins at this point. The board of directors meet, and in their official capacity they issue a quarterly statement of the company's affairs, which is a carefully concocted falsehood from beginning to end. In it they represent that business has fallen off to the most serious extent; that the revenues have so greatly shrunk that it would be highly impolitic to declare the usual quarterly dividend; that a reduced dividend

must be declared, which, it is true, will require most of the surplus in the company's treasury to pay, but by careful economy they hope it may be fully earned in the future. The issuance of this official falsehood has been prepared for by the industrious propagation of rumors that the affairs of the company are in a truly deplorable condition. The board votes the reduced dividend; the men who are in the secret have previously sold their stock, and they set to work to break down the market by short sales. The price begins to sink rapidly; innocent investors are frightened at what they see and hear; they make haste to sell, and the price goes on sinking with every lot offered. At last it reaches a level where the conspirators decide it is time to buy. They have covered their short contracts, and make their profit that way; and under their buying the price rises as rapidly as it went down, which catches the swarm of Wall-street stock operators who had been selling the stock short, and were not in the secret. When the men who are conducting the deal get all the stock they want, official announcement is made that the rival companies have agreed to combine, and the stock of the consolidated concern will be doubled. This being done, the conspirators desire to sell their enormous holdings of the watered stock. They therefore meet again in their official capacity as directors, and issue another official quarterly statement, in which everything said in the last is unsaid. The revenues are declared to have increased in a most unexpected way, great economies have been effected, and the profits of the quarter are large enough to allow a dividend to be declared at the full rate on the whole doubled capital stock, while the outlook for the future is such as to give assurance that it will be continued and possibly increased. This official statement is just as much a falsehood as the last was.

Here was one of the most scandalous examples of stock-jobbing which ever disgraced the financial history of the country; but stock-jobbing in this case was only another name for corporate rascality. It was fraud against which the investor had no possible chance to protect himself, for it was by the official action of the legal custodians of his property that he was frightened into throwing it over. When too late, he discovered he had been the victim of a plot which these directors had concocted against him for their own enrichment. The only feature of the operation which could properly be called a Wall-street trick was the incidental catching of the "shorts" in the stock, when the rapid rise in its

price took place under the buying of the schemers. The short sellers were badly bitten, but, being all professionals, they took the well-known risks of selling that way when they did it.

Stock-watering, however, is not the form of corporate fraud which in these days most threatens the investor. Indeed, taken altogether, more investors have been enriched by stock-watering than have been injured by the fraudulent practices which have so often accompanied the operation. The case cited above was quite exceptional in its rascality. The greatest danger to the investor of to-day comes from bonds and leases. Where corporate dishonesty takes the form of bond issues and fraudulent leases, the investor is fleeced without mercy. There is nothing but loss for him The profit goes entire into the pockets of the directors, and the property is injured to the extent of the profit they make. There are stocks on the Exchange which are freely bought now at prices not a great deal below what they were selling for a year ago in the flush times; there are others for which it is difficult to find purchasers at one-half or one-third the prices they were selling at then. Corporate fraud is solely responsible for these ruinous drops. A fictitious value was given to the securities by the payment of unearned dividends. The money was obtained from the sale of bonds. This continued until the bond market went to pieces, the public refusing to buy more. Thereupon the treasuries of these corporations were soon emptied, one after the other stopped paying dividends, the discovery was made that their bonded and floating debts had been enormously increased, and by the time the facts were all out their stocks had sunk like lead. In one of these cases the price fell a clean twelve per cent. in one day; and this came after it had already had a considerable fall; neither did it touch bottom then. The general public, seeing only the sudden and violent collapse, and ignorant of its cause, denounces it as a stock-jobbing trick. The trick consists in the knowledge that certain men obtain of the rotten condition of the corporation. They turn it to account by selling the stock short, and exposing this rottenness. Holders rush in to sell their investments, and the price sinks until it reaches a level corresponding to the real value of the property. In the special instance referred to, it came out, when the facts could no longer be concealed, that the managers had been personally buying up worthless roads, more or less remotely connected with the main

line, and selling them to the company of which they were the directors at high prices. Payment had been made in new issues of bonds, and when these could no longer be sold, money was borrowed upon them to pay dividends and keep up a delusive appearance of prosperity. This went on until a debt had been piled up of many millions; the men on the inside sold out their stock, and one of them organized the movement which broke down its price in the market, and exposed the real condition of the corporation. Here, as in the other case, stock-jobbing was another name for corporate fraud.

In another case, the same system of rascality was pursued. Quarterly dividends were paid for a year, not one of which was earned; nor, indeed, was the road earning the interest on its bonds. The managers of the property declared that it never was so prosperous; they published what purported to be correct returns of the earnings of the road compared with the previous year, showing an immense increase; and meantime they were selling their stock here and in Europe at high prices, talking grandly about "sustaining American credit," and violently denouncing the few who had sufficient penetration to see the deception practiced, and to declare it. At the end of the year the stock had fallen about one-half from its highest price, the fall being accompanied by just such "raids" as broke down the price of the other stock mentioned. The managers had sold their holdings long before, and they knew too well what the real value of the stock was to attempt to protect it against the attacks of other operators who knew as much as they. Indeed, they made their profit by going short themselves.

These two cases are fair types of the most common forms of fraud now practiced. They are in great favor, because difficult of detection until it is too late for the average investor to protect himself. So long as the buying mood is on the public, a perpetual stream of new bonds can be poured out, and find a ready sale. It is one of the great modern discoveries in the world of speculation that "the public likes bonds." We owe this discovery to the genius of the leading stock operator of this century. He made it early in his career. The public likes bonds, and will buy anything called by that name when stock can find no purchasers. The discovery is now common property, and has given direction to corporate fraud for ten or twelve years past. Stock-watering pure and simple is less in favor than it used to be,

and perhaps in the instance before mentioned it would not have been employed had not the peculiar circumstances of the case made an issue of bonds inexpedient. There is always a great outcry raised about stock-watering; some States have enacted statutes against it, and it is much easier, and much more politic, to issue bonds. Bonds, therefore, are in this day the favorite vehicle of corporate fraud. As long as a company can find a ready sale for its issues it can go along swimmingly, paying dividends it does not earn, and showing a surplus in its treasury.

Companies make large profits by building extensions and purchasing branch roads. It may cost only fifteen thousand dollars per mile to build the road, or to purchase it; but bonds are issued at the rate of twenty thousand or twenty-five thousand dollars per mile, and perhaps sell at a premium. The difference goes into the company's treasury or into the pockets of individuals. Hence, also, the large profits made by construction companies. They build the road and issue stock and bonds for double its cost. If the times are favorable, the issue will be greater; and, in one instance, a construction company which built and acquired a road costing in the aggregate only seventeen millions, issued securities of mortgage bonds, income bonds, and stock aggregating, in nominal value, eighty-two millions. By the sale of these they more than doubled every dollar of their original expenditure. This, it must be confessed, was a prize of unusual magnitude, and was made possible by the managers being lucky enough to bring their stuff on the market when the public rage for buying was at its height last year. A new company starting, the managers of which desire to deal generously with the public, or feel uncertain about getting money, will issue bonds to cover the cost of constructing the road, and give the issue of stock as a bonus to the subscribers. This is fair dealing. People who risk their money in a new enterprise have a right to the profits of the future, if there be any. But one of the most extraordinary things ever done in Wall street was the call made by one large corporation for subscriptions to a new issue of ten millions of stock, the proceeds to be used for building an important line of road to run in connection with the main line, and to make other improvements. Six months or so after it had obtained the money, the company issued a prospectus for the organization of a separate company, with more millions of capital, to build this very line.

The original ten millions had gone, it is to be presumed, in the other improvements. This was another scheme whose success was possible only in the rushing and thoughtless times of last year; and, indeed, the company, coming into the market rather late with its new scheme, experienced such difficulty in getting subscribers that it had to pledge its own credit to the new enterprise, which was not in the original programme.

Besides looking sharply after the bonded indebtedness of a company, the investor who desires to know what he is buying should examine what lease and rental obligations a company is under. Leases, as a means of corporate fraud, grow out of the same willingness of the public to buy bonds. The directors of a corporation will buy up, at a nominal price, the stock of a connecting road which, perhaps, barely earns its fixed charges. They then lease it to their own road, upon terms which will carry the stock they have purchased up to par or over. Sometimes this is done by guaranteeing dividends upon the stock; sometimes the stock of the leased road is converted into stock of the parent road; sometimes it is converted into its bonds. In either case, the parent road is burdened with an additional charge, and the directors pocket the profits. But there is a further use for leases. Suppose that the lease is made on terms guaranteeing dividends, or merely guaranteeing interest on the bonds. In these cases, it affords the managers a convenient cover in the future for raising money by new stock or bond issues under the name of another company. It might appear that this trick would be too shallow to deceive anybody. But it is not; and the fact that it is constantly practiced shows that it serves its purpose. There are certain companies whose reports, when they make them, show a bonded debt of the lightest proportions, and this showing is often greatly lauded as proving their stability. The explanation is that they own half a dozen roads by perpetual leases, and the debt is piled up in their names. Examining the figures, therefore, we find that, while the debt of the parent road appears at some comparatively trifling figure, the item of interest and rentals charge is enormous.

Leases, in truth, are a highly dangerous temptation to fraud on the part of directors. In States where the laws are stringent on the subject, they present opportunities for private profit at the expense of the trusteed property too frequently availed of; and, in the State of New York, the monstrous doctrine has been

affirmed by the courts, at least by implication, that the directors of a corporation have the right to make and unmake permanent leases of the property they temporarily control, without the consent, or against the protest, of the owners of the property, *i. e.*, the stockholders. This is offering a premium on fraud; and to say that the courts will declare invalid a lease where fraud can be proved, is giving a stone when bread is asked. Evidence of fraud, as the law requires it in such cases as this, is extraordinarily difficult to obtain; and if the scheme has been decently well planned and executed, it is well-nigh impossible. In the latest case where this unlimited right of directors was affirmed by the courts, a great public scandal was involved, in which judges, State officers, and directors were implicated; but it was impossible for the contesting stockholders to get hold of legal evidence of fraud. The fault was primarily with the law. Directors have altogether too much power over the property of which they are temporary trustees. They should be compelled to go to the stockholders for special authorization to do many things which they can now do of their own motion.

Law, however, is a poor remedy for corporate abuses. It may correct some, but there are many more just as bad which it cannot, and which only a healthier public opinion can. So long as flagrant abuses of public trusts are dismissed with a half-jocular, half-contemptuous remark about stock gambling, and the men guilty of them are not a wit the worse socially for their misdeeds, they will continue to make money, or try to, by what is nothing but robbery of the investing public. To extract a few thousands from the pockets of other stock operators only a little less sharp than themselves, by some maneuver which is truly a Wall-street trick,—that is, a trick made possible by the rules governing dealings in the Stock Exchange,—is a trifle not worthy of consideration. It is not in such ways that the millions are made. "Corners," for example, which are the extreme form of these tricks, have nearly always proved disastrous in their result to the men who have successfully carried them through. The great "North-west corner" entailed heavy losses on its contriver; the "corner" executed last year left the whole common stock of the company, nine millions in amount, a dead burden on the hands of the men who planned it. They cannot market it, unless some neighboring railroad company takes it off their hands in bulk to secure control of the road. The millions

are made by taking them from the pockets of the general public. It is the public on one side and the great operator on the other. The public is an ass. That is, it is an ass sometimes. When it is in the humor to be fooled, the men are there to fool it to the top of its bent. It wants to buy, and it will swallow anything they offer, and believe any story about the value of the article it is buying, however preposterous. Woe to the man who rises then to warn the people of their madness! They will tear up the stones in the street to cast at him. The only consolation he has is the reflection that in a little while they will be cursing the men who deluded them into buying securities at twice their value, or securities rotten and valueless altogether.